

STATE OF NEW YORK, by
Attorney General DENNIS C. VACCO,
et al.,

Plaintiffs

v.

REEBOK INTERNATIONAL LTD., et al.,
JOHN DOE 1-500,

Defendants.

Civil Action No. 95 Civ.
3143 (JGK)

Plaintiffs

v.

REEBOK INTERNATIONAL LTD., et al.,
JOHN DOE 1-500,

Defendants.

FINAL JUDGMENT AND CONSENT DECREE

The States of New York, Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, the District of Columbia, the Commonwealth of Puerto Rico and the United States Virgin Islands ("Plaintiff States" or "Plaintiffs" or "States") have filed a Complaint for damages and injunctive relief on their own behalf and as parens patriae on behalf of natural person citizens residing in the Plaintiff States who purchased Reebok Products, as defined in the Complaint herein, during the period of the alleged conspiracy,

against the Defendant Reebok International Ltd. and The Rockport Company (collectively "Defendant") alleging violations of federal and state antitrust laws. Defendant denies the allegations stated therein.

Plaintiffs and Defendant desire to resolve any and all disputes arising from the Complaint. These parties have entered into a Settlement Agreement which has been filed with the Court and is incorporated by reference herein. In full and final settlement of the claims set forth in the Complaint, Defendant has agreed to pay compensatory damages and administration costs as set forth in the Settlement Agreement executed on April 25, 1995 (the "Settlement Agreement"). Defendant has also agreed to entry of this Final Judgment and Consent Decree. Plaintiffs have agreed to execute Releases of their claims against Defendant and to release the claims of natural persons residing in the States who have not excluded their claims, in accordance with the terms of the Settlement Agreement.

Notice of the Settlement was given pursuant to Court order in accordance with 15 U.S.C. §15c and the requirements of due process. The Notice was the best notice practicable under the circumstances.

An opportunity to be heard was given to all persons requesting to be heard in accordance with this Court's orders. The Court reviewed the terms of the Settlement, the submissions of the parties in support of it, and the comments received in response to the notice. After a hearing held on October 13, 1995, the Court approved the Settlement Agreement on 10/20/95, and determined it to be in all respects fair, reasonable and adequate. Said Order,

which expressly excludes from the Settlement those natural person citizens who elected to opt-out of the Settlement, was entered on _____, 1995.

NOW, THEREFORE, without trial or adjudication of any issue of law or fact, before the taking of any testimony at trial, without the admission of liability or wrongdoing by Defendant and upon the consent of the parties hereto,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

I

JURISDICTION

The Court has jurisdiction over the subject matter of this action and the parties hereto. The Complaint raises claims against Defendant under Section 1 of the Sherman Act (15 U.S.C. §1), Section 4 of the Clayton Act (15 U.S.C. §15), Section 4C of the Clayton Act (15 U.S.C. §15c), and Section 16 of the Clayton Act (15 U.S.C. §26). Jurisdiction lies in this Court pursuant to 28 U.S.C. § 15. The Complaint also raises pendent state claims for equitable and other relief.

II

DEFINITIONS

As used in this Final Judgment and Consent Decree:

- a. "Dealer" means any person, corporation or firm not owned by Reebok that in the course of its business sells Reebok Products in or into the United States of America;
- b. "Defendant" or "Reebok" means Reebok International Ltd. and its affiliates, parents, subsidiaries, divisions and other organizational units of any kind, including The Rockport Company,

that sold Reebok and Rockport Products as defined herein, their successors and assigns and their present and former officers, directors, employees, agents, representatives and other persons acting on their behalf;

c. "Reebok Products" means all Reebok and Rockport brand footwear products offered for sale to consumers located in the Plaintiff States or to Dealers.

e. "Plaintiffs" or "Plaintiff States" means the State of New York and any other State, the District of Columbia, Puerto Rico and the United States Virgin Islands which opt to enter into the Settlement Agreement as provided in Section IX thereof, in their sovereign capacity and as parens patriae on behalf of all natural person citizens of such Plaintiff States who have purchased Reebok Products during the period of the alleged conspiracy (January 1, 1990 to and including December 31, 1994);

f. "Resale Price" means any price, price floor, price ceiling, price range, or any mark-up formula, or margin of profit used by any Dealer for pricing any Reebok Products. Such term includes, but is not limited to, any suggested, established or customary resale price, as well as the retail price advertised, promoted or offered for sale by any Dealer.

III

APPLICABILITY

This Final Judgment and Consent Decree shall apply to the parties to this lawsuit.

IV

INJUNCTION

A. For a period of five (5) years from the date this Final Judgment and Consent Decree is entered, Reebok will not enter into any contract, combination, conspiracy, agreement or arrangement with any Dealer to fix, lower, raise, peg, maintain or stabilize the Retail Prices at which Reebok Products are advertised and sold to end-user consumers.

B. For a period of five (5) years from the date this Final Judgment and Consent Decree is entered, Reebok will not terminate, suspend or fail to fill orders of any Dealer of Reebok Products or reduce the supply of or discriminate in delivery, credit or other terms provided to any Dealer of Reebok Products in order to secure or attempt to secure any commitment or assurance from any Dealer, or to coerce said Dealer, to adhere to any of Reebok's suggested retail pricing policies for Reebok Products. Notwithstanding the foregoing, Reebok retains the right to terminate unilaterally any Dealer for lawful business reasons that are not inconsistent with this or any other paragraph of this Final Judgment and Consent Decree.

C. Within thirty (30) days after the date the Final Judgment and Consent Decree is entered, Reebok will send the letter affixed as Attachment B to the Settlement Agreement to all of its then current Dealers of Reebok Products.

D. For a period of five (5) years from the date this Judgment is entered, Reebok shall notify its Dealers of Reebok Products that it is their right to determine independently the prices at which

they will advertise and sell Reebok Products to end-user consumers. Reebok shall provide this notice by affixing a notice of disclosure (the "Disclosure") to every list of suggested retail prices and minimum advertised prices for any Reebok Products printed subsequent to the date of entry of this Judgment and provided to Dealers. The Disclosure shall clearly and conspicuously state the following on any list, advertising, book catalogue or promotional material for Reebok Products where Defendant has suggested any Resale Price to any Dealer:

ALTHOUGH [REEBOK INTERNATIONAL LTD.] or [THE ROCKPORT COMPANY] MAY SUGGEST RESALE PRICES FOR PRODUCTS, RETAILERS ARE FREE TO DETERMINE ON THEIR OWN THE PRICES AT WHICH THEY WILL ADVERTISE AND SELL [REEBOK] OR [ROCKPORT] PRODUCTS.

E. This Final Judgment and Consent Decree shall not be construed in any way to limit the right of Reebok to preannounce or suggest to its Dealers or distributors retail prices for Reebok Products and to unilaterally refuse to deal with those who fail to comply or to engage in any other behavior that is otherwise permitted by federal and state antitrust laws. Accordingly, if a cooperative advertising program established and maintained by Reebok does not violate federal or state antitrust laws, it will not constitute a violation of the injunctive provisions herein.

F. The Plaintiff States, and all natural person citizens residing in those States who purchased Reebok Products during the period January 1, 1990 - December 31, 1994 (except citizens who have timely and properly requested exclusion) are permanently barred and enjoined from prosecuting against Reebok, Rockport,

their affiliates, parents, subsidiaries, divisions and other organizational units of any kind, and their present and former directors, officers, employees, agents, representatives and other persons acting on their behalf, successors and assigns, and against the John Doe defendants or any other Dealer not named as a defendant, any of the claims foreclosed or released in accordance with the Settlement Agreement, including any claim regarding the conduct alleged in the complaint.

V

COMPLIANCE

For purposes of determining and securing compliance with this Final Judgment and Consent Decree, duly authorized representatives of the Plaintiff States shall be permitted upon thirty (30) days prior written notice:

a. Reasonable access during normal office hours to any and all relevant and non-privileged records and documents in the possession, custody, or control of Defendant which relate to any of the matters contained herein or in the Settlement Agreement.

b. Subject to the reasonable convenience of Defendant to conduct interviews of any of the directors, officers, employees, agents, and any other persons acting on their behalf, each of whom may have counsel present, relating to any non-privileged matter contained herein or in the Settlement Agreement.

c. Defendant retains the right to object to any request under paragraphs (a) or (b) above within ten (10) days after its receipt on the grounds that the request is not reasonable, or not relevant to the matters contained herein or in the Settlement Agreement, or

otherwise is not in accordance with law. Any such objection shall be directed to this Court for a ruling, with service by mail of the objection upon the State of New York.

d. The violation of any of the terms of Paragraph IV(A) of this Final Judgment and Consent Decree shall constitute a violation of federal and state antitrust laws for which civil remedies may be sought by the New York State Attorney General or the Attorney General of the State in which the violation occurred pursuant to 15 U.S.C. §§1, 15, 15c and 26 and relevant state antitrust law upon application to this Court.

e. If the Attorney General of any Plaintiff State determines that Defendant has violated the terms of Section IV of this Final Judgment and Consent Decree, he shall give Defendant written notice of the violation and Defendant shall have fifteen (15) working days to respond in writing. If the State is not satisfied with Defendant's response, it shall notify Defendant in writing and Defendant shall have fifteen (15) working days to cure such non-compliance. If after such time Defendant has not cured the violation to the State's satisfaction, the State may seek penalties for contempt for violation of any paragraph of this Final Judgment and Consent Decree and with respect to alleged violations of Section IV (A) may seek the civil remedies referred to in Section V (d).

VI

JURISDICTION RETAINED

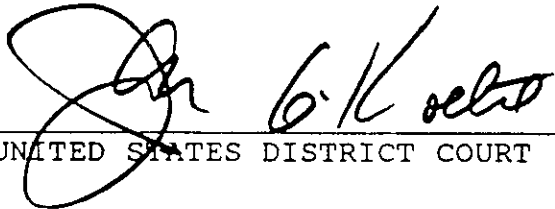
Without affecting the finality of this Final Judgment, jurisdiction shall be retained by this Court for the purpose of

enabling any party hereto to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Final Judgment and Consent Decree, the ruling upon any objection made pursuant to Section V, the modification of any of the provisions hereto to the extent such modification is permitted, and the remedy of a violation of any of the provisions contained herein. This Court shall have the authority to specifically enforce the provisions of this Final Judgment and Consent Decree.

VII

On the fifth anniversary date of this Final Judgment and Consent Decree, said Final Judgment and Consent Decree shall automatically terminate without any action by either party or the Court.

So ordered this 20 day of October, 1995.


UNITED STATES DISTRICT COURT